

Drawings:

Replace Figure 1 with the following drawing that has been modified in the following ways.

a. Step 3 has been modified as follows:

Buyer and seller agree on ~~the methodology for calculating the option's value at contract inception, at each important point between inception and expiration, and at expiration~~ a methodology that uses an option pricing model to determine the value of the option.

b. Step 4 has been modified as follows:

Buyer ~~pays seller an option premium as specified under the contract and the parties exchange value over the life of the contract as specified~~ and seller agree on the amount of the premium that will be paid for the option.

c. Step 5 has been added as follows:

Buyer pays seller the option premium and the parties exchange value over the life of the contract as specified.